

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1293-02  
Bill No.: HB 718  
Subject: Uniform Laws; Corporations  
Type: Original  
Date: March 29, 2011

---

Bill Summary: This proposal repeals the Limited Liability Company Act and establishes the Uniform Limited Liability Company Act.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$2,233,242)	(\$2,146,510)	(\$2,147,144)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$2,233,242)</b>	<b>(\$2,146,510)</b>	<b>(\$2,147,144)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Technology Fund	(\$194,208)	(\$233,050)	(\$233,050)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$194,208)</b>	<b>(\$233,050)</b>	<b>(\$233,050)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** and the **Office of the State Courts Administrator** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Revenue** assume this could potentially reduce state revenues if there is no mechanism to ensure LLC's pay all applicable taxes.

Officials at the **Office of the Secretary of State (SOS)** assume the processing systems will need to have extensive computer programming completed in order to accommodate the changes in law. The existing system (KB) and the new system (SystemWORKS) to be implemented in November 2011 that is used to process limited liability company (LLC) filings will both need modifications. Existing forms will need to be modified to accommodate the new requirements; new forms will need to be developed for LLC annual reports, the statement of authority and cancellations.

Approximately 33,000 new LLCs are filed each fiscal year. It is assumed that 50% (16,500) of the newly filed LLCs will not timely file their annual report and will receive a delinquent notice letter; it is further assumed that 50% (8,250) will be administratively dissolved for failure to file the report.

There are no fees associated with any filing in this chapter so there will be a loss of revenue determined as follows:

		FY 2010	GR Fee	GR Fee Total	Tech Fund Fee Total	Total Fees
Agent Change /Resign	Mail	\$6,867	\$5	\$34,335	\$34,335	468,670
Amend/ restate	Mail	\$1,982	\$20	\$39,640	\$9,910	\$49,550

Creation Filing	Mail	\$8,381	\$100	\$838,100	\$41,905	\$80,005
Creation Filing	Web Filing	\$24,679	\$45	\$1,110,555	\$123,395	\$233,950
Merged	Mail	\$242	\$20	\$4,840	\$1,210	\$6,050
Reinstatement	Mail	\$93	\$125	\$11,625	\$465	\$12,090
Statement of Correction	Mail	\$353	\$5	\$1,765	\$1,765	\$3,530
Survivor	Mail	\$119	\$20	\$2,380	\$595	\$2,975
With/ Term/ Dissolve	Mail	\$3,894	\$20	\$77,880	\$19,470	\$97,350
Revenue Loss				\$2,121,120	\$233,050	\$2,354,170

FISCAL IMPACT - State Government

FY 2012  
(10 Mo.)

FY 2013

FY 2014

**GENERAL REVENUE**

Cost - Secretary of State  
computer upgrades and form reminders

(\$465,642)

(\$25,390)

(\$26,024)

Loss - Secretary of State  
loss of the fee revenue

(\$1,767,600)

(\$2,121,120)

(\$2,121,120)

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE**

**(\$2,233,242)**

**(\$2,146,510)**

**(\$2,147,144)**

**TECHNOLOGY FUND**

Loss - Secretary of State  
loss of the fee revenue

(\$194,208)

(\$233,050)

(\$233,050)

**ESTIMATED NET EFFECT ON  
TECHNOLOGY FUND**

**(\$194,208)**

**(\$233,050)**

**(\$233,050)**

JH:LR:OD

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

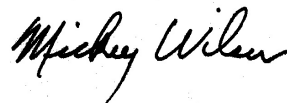
FISCAL DESCRIPTION

This bill repeals the Missouri Limited Liability Company Act and establishes the Revised Uniform Limited Liability Company Act as proposed by the National Conference of Commissioners on Uniform State Laws.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Office of the Attorney General  
Office of the State Courts Administrator  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
March 29, 2011